

Outline of Q&As on conference call for the nine months ended December 31, 2014

(Held on January 29, 2015)

【Forecast for the year ending March 31, 2015 (“this fiscal year”)】

Q: What is your forecast for components for industrial purposes and for telecommunications?

A: Component demand for smartphones bottomed out in December and is on the comeback. Components for industrial use do not have any clear seasonality and the current situation is also strong. The cutting tool business is particularly robust.

Q: It seems that Kyocera will dispose of certain assets in the fourth quarter. Can you tell us the extent of this?

A: I am unable to disclose the exact value assets based on a review in the fourth quarter. In terms of operating profit on page 13, “Corporate and others” has been revised upward by ¥9.3 billion compared with the previous forecast, which provides a good guide to the extent.

【Outlook for the year ending March 31, 2016 (“next fiscal year”)】

Q: Can you explain financial forecasts for next fiscal year?

A: We target double-digit sales growth every fiscal year. As such, we aim to expand sales by more than 10% compared with this fiscal year.

Q: Does Kyocera have any priority areas for M&As?

A: We look into M&As in each segment in parallel.

Q: Which business is expected to be a driver next fiscal year?

A: There is no one particular business in Kyocera that drives sales and profit since we are engaged in diverse business fields. We should grow our large-scale businesses, including the Information Equipment Group, Semiconductor Parts Group, Telecommunications Equipment Group and Electronic Device Group.

Q: Excluding the impact of the yen’s depreciation, performance this fiscal year has been on par with the previous fiscal year ended March 31, 2014, so what are the factors behind the expected turnaround to growth next fiscal year?

A: The solar energy business is the main reason we have not posted results as expected this fiscal year. Aside from this business, all segments have recorded growth. We feel we can aim for more than double-digit growth in existing businesses from next fiscal year onward as well, but one challenge will be how to boost earnings in the solar energy business.

【Solar energy business】

Q: Has there been any change to the 1.4GW production target for this fiscal year? Also, can you tell us the reasons for the forecast increase in sales and decrease in profit in the fourth quarter compared with the third quarter in this segment?

A: Since it will be difficult to achieve our annual target of 1.4GW, we intend to produce approximately 1.2GW, which is on par with the previous fiscal year's result. The main reasons for the forecast decrease in profit in the fourth quarter are a decline in prices coupled with production adjustments due to issues relating to grid access.

Q: Won't the increase in sales also contribute to higher profit in the fourth quarter though?

A: We are forecasting production adjustments by around 10-15% in the fourth quarter compared with the second quarter. These adjustments along with a decline in prices for panels will have a significant impact.

Q: Is it possible that there will be impairment loss on assets? Also, what is the main reason for the sales increase next fiscal year?

A: We do not think there will be any impairment loss. Since the price of solar panel is declining, we will work to expand sales in combination with a system that includes a storage battery. We will strive to boost sales in regions not restricted by issues with grid access and we will focus on sales in the residential sector in Japan while expanding business overseas.

Q: What sense of scale in business are you projecting for next fiscal year?

A: We have calculated that we will fall just short of 1.2GW, the figure posted in this fiscal year. We don't think there will be a major decline.

【Telecommunications Equipment Group】

Q: Sales in the third quarter were within the scope of assumption, whereas profit decreased beyond expectations. What is the reason for this?

A: There were delays in components and materials procurement and also in shipments due to heavy snowfall in the third quarter. We believe we can make up for these delays in the fourth quarter.

Q: What effect did the snowfall have on actual results?

A: Although we intended to maintain a level of profit in the third quarter that was similar to that of the second quarter, we ended up posting a loss due partly to the snow.

【Electronic Device Group】

Q: Can you tell us why growth in profit exceeded growth in sales in the third quarter compared with the second quarter? Also, how do you see business condition in the fourth quarter?

A: One reason was the downsizing of the unprofitable business related to consumer-use touch-panels over the past two years. In addition, we have launched new products in such areas as capacitors and crystal components and share has been increasing. New products boast a large margin, and this has contributed to an increasing profit ratio. Component orders typically bottom out in December and start increasing again in January, and this trend has emerged this fiscal year.

【Capital Efficiency and Shareholder Return 】

Q: How do you intend to use your financial assets to raise shareholder value?

A: Basically, we will use our financial resources for investments aimed at enhancing earnings. We would like to use the resources for capital investments and M&As in existing businesses.

Q: Do you plan to use the financial assets to provide shareholder return?

A: We hope to increase profit through investments and M&As, which in turn will be used for shareholder return.

Q: What is Kyocera's medium-term target for ROE?

A: We haven't set one in particular.